

SERVICE DATE – MARCH 29, 2017

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. MCF 21074

MONARCH VENTURES INC.—ACQUISITION OF CONTROL—QUICK COACH LINES LTD. AND VANCOUVER TOURS AND TRANSIT LTD. D/B/A CHARTER BUS LINES OF BRITISH COLUMBIA

Digest:¹ This decision grants the request of Monarch Ventures Inc., to acquire control of the assets and business operations of Quick Coach Lines Ltd. and Vancouver Tours and Transit Ltd. d/b/a Charter Bus Lines of British Columbia, and addresses comments filed in this proceeding.

Decided: March 27, 2017

On November 21, 2016, Monarch Ventures Inc. (Monarch), a noncarrier, filed an application under 49 U.S.C. § 14303 to acquire from Royal City Charter Coach Lines Ltd. (Royal), a noncarrier, control of the assets and business operations of Quick Coach Lines Ltd. (QCL) and Vancouver Tours and Transit Ltd. d/b/a Charter Bus Lines of British Columbia (VTT), both motor passenger carriers. Monarch owns and controls 100% of Traxx Transportation Ltd. (Traxx), a passenger carrier operating in Western Canada and the Western United States (MC-215048). In its application, Monarch states that, under the proposed transaction, QCL, VTT, and Traxx would be owned by 1997553 Alberta Ltd. (Alberta Ltd.), a noncarrier, of which Monarch would own 77.2% of the shares and Royal would own 22.8%. Monarch states that Alberta Ltd. would acquire 100% of the shares (including all of the assets, vehicles, and business operations) of QCL, VTT, and Traxx. Upon completion of the transaction, Monarch would indirectly control QCL and VTT and would continue to indirectly control Traxx through its control of Alberta Ltd. Under the transaction, Monarch states that the principals of Royal would be the principal managers of QCL, VTT, and Traxx, with the goals of increasing revenues through enhanced marketing, investment in new products, and selected strategic acquisitions and increasing profitability of all three carriers through operational improvements.

In a notice served and published in the Federal Register on December 20, 2016 (81 Fed. Reg. 92,938), the Board tentatively approved the application, subject to the consideration of any timely filed opposing comments. Monarch Ventures, Inc.—Acquis. of Control—Quick Coach Lines Ltd. (December Decision), MCF 21074 (STB served Dec. 20, 2016).

¹ The digest constitutes no part of the decision of the Board but has been prepared for the convenience of the reader. It may not be cited to or relied upon as precedent. Policy Statement on Plain Language Digests in Decisions, EP 696 (STB served Sept. 2, 2010).

The Board received two comments in response to Monarch's application. On February 3, 2017, Kasandra Alden, a Traxx employee, submitted a letter expressing concerns about the acquisition's impact on her position as a Compliance Auditor/Payroll. Ms. Alden states that she was informed by Sheldon Eggen, Chief Executive Officer of the proposed merged enterprise, that her current position would "drastically change" and that the proposed transaction has created uncertainty as to her duties and responsibilities. Also on February 3, 2017, Richard Spencer, also a Traxx employee, submitted a letter stating that the acquisition would adversely affect his position as Director of Safety/Driver Development & Compliance and expressing concern about his position becoming "redundant or eliminated." On February 21, 2017, Monarch filed a reply to the comments, arguing that the comments do not afford a basis for denying the proposed transaction. On March 6, 2017, Ms. Alden and Mr. Spencer filed a joint reply to Monarch's reply.²

DISCUSSION AND CONCLUSIONS

Under 49 U.S.C. § 14303(b), the Board must approve and authorize a transaction that it finds consistent with the public interest, taking into consideration at least: (1) the effect of the proposed transaction on the adequacy of transportation to the public; (2) the total fixed charges that result; and (3) the interest of the affected carrier employees. Pursuant to 49 C.F.R. § 1182.6(a), the December Decision, which tentatively approved the transaction, was automatically vacated upon the filing of the opposing comments. Under 49 C.F.R. § 1182.6(c)(1), the Board finds that it is able to make a determination on the current record and that no additional evidence is required. Applying the statutory standard in 49 U.S.C. § 14303(b), the proposed transaction will be approved and authorized.

Ms. Alden and Mr. Spencer allege that the transaction will adversely impact their respective positions at Traxx. Ms. Alden expresses concern about unspecified (but potentially significant) changes in her duties and responsibilities. Mr. Spencer expresses concern about whether his position could be eliminated in light of the closure of a Traxx facility in Vancouver. In reply, Monarch notes that employees affected by the closure of the Vancouver facility were all offered comparable positions at a different location. (Monarch Reply 2.) Monarch further maintains that many benefits will result from the proposed transaction, including "increased exposure in the marketplace, brand reputation, improved service capability, better systems management and cost savings from centralized maintenance"—all of which Monarch argues would benefit Traxx and its employees. (Monarch Reply 2-3.)

In finding that a transaction is consistent with the public interest under 49 U.S.C. § 14303(b), the Board must consider the interest of affected carrier employees. Here, while the Board understands the commenters' concerns regarding the transaction's potential impacts on either their individual job security or the scope of their future duties following the proposed transaction, these concerns alone do not allow the Board to alter its earlier finding that the

² Ms. Alden and Mr. Spencer simultaneously filed a joint motion for leave to file a reply to Monarch's reply. On March 9, 2017, Monarch filed a comment in opposition to the joint motion. In the interests of a more complete record, the joint motion will be granted.

proposed transaction is consistent with the public interest. Such concerns must be weighed against other considerations pertaining to the public interest, such as improved service capability, better systems management, and the ability to attract and retain more viable customers while developing new markets as a result of the proposed transaction. (Monarch Reply 3.) For these reasons, the Board approves and authorizes the transaction under 49 U.S.C. § 14303(b).

It is ordered:

1. Ms. Alden's and Mr. Spencer's joint motion for leave is granted, and their joint reply is accepted into the record.

2. The proposed transaction is approved.

3. This decision is effective on its service date.

4. A copy of this decision will be served on: (1) the U.S. Department of Transportation, Federal Motor Carrier Safety Administration, 1200 New Jersey Avenue, S.E., Washington, DC 20590; (2) the U.S. Department of Justice, Antitrust Division, 10th Street & Pennsylvania Avenue, N.W., Washington, DC 20530; and (3) the U.S. Department of Transportation, Office of the General Counsel, 1200 New Jersey Avenue, S.E., Washington, DC 20590.

By the Board, Board Members Begeman, Elliott, and Miller.